



**ADV Part 2A, Firm Brochure**  
**Dated: March 10, 2018**  
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This brochure provides information about the qualifications and business practices of Bay Point Wealth Management. If you have any questions about the contents of this brochure, please contact us at: 410-626-8198, or by email at: [KANDERSON@BAYPOINTWEALTH.COM](mailto:KANDERSON@BAYPOINTWEALTH.COM). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Bay Point Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

References herein to Bay Point Wealth Management as a "registered investment adviser or reference to being "registered" does not imply a certain level of skill or training.

## **Item 2 Material Changes**

There have been no material changes to this brochure since the February 27, 2017 Annual Amendment filing.

## **Item 3 Table of Contents**

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## **Item 4 Advisory Business**

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### **Firm Description**

Annapolis Financial Services, LLC is a limited liability company formed in the State of Maryland in 1995. It currently operates under the name Bay Point Wealth Management (referred to below as Bay Point Wealth Management, Bay Point, us, our, or we).

As of December 31, 2017, Bay Point Wealth Management managed approximately \$180,634,183 in assets under management on a discretionary basis.

Bay Point Wealth Management provides personalized financial planning and discretionary investment management services to individuals, trusts, estates, and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Investment advice is an integral part of financial planning. In addition, Bay Point Wealth Management advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

A written evaluation of each client's initial situation is usually provided to the client, often in the form of a net worth statement. Periodic reviews are also communicated to provide reminders of the specific courses of action that require attention. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Unless otherwise disclosed in this brochure, conflicts of interest will be disclosed to effected clients in the unlikely event they arise.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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### **Principal Owners**

William J. Hufnell is Bay Point Wealth Management's principal owner.

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### **Types of Advisory Services**

Bay Point Wealth Management provides investment supervisory services, also known as asset management services and furnishes investment advice through consultations. Investment recommendations are made based on each client's financial goals, income needs, tax circumstances and risk tolerance.

Bay Point Wealth Management also regularly furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and estate planning.

Bay Point Wealth Management does not participate in a wrap fee program.

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### **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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### **Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The fee range, generally, is from \$6,000 to \$8,000 and is negotiable. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work is billed separately at the rate of \$350 per hour.

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### **Advisory Service Agreement**

Most clients choose to have Bay Point Wealth Management manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their minor children, upon request. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fees for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement generally includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax planning, as well as the implementation of recommendations within each area.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion.

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### **Asset Management**

Assets are invested primarily in no-load mutual funds and exchange-traded funds (ETFs), usually through discount brokers. Shareholders of mutual funds and ETFs are indirectly responsible for the payment of the fees and expenses of these investments, which include investment management fees that are disclosed in each fund's prospectus. Broker-dealers may also charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Bay Point Wealth Management does not receive any compensation, in any form, from fund companies.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U.S. government securities, options contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through Bay Point Wealth Management.

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### **Miscellaneous**

**Limitations of Planning and Non-Investment Consulting/Implementation Services.** To the extent engaged to do so (certain clients may determine to engage us for investment management services only), we shall provide financial planning and related consulting services. Neither Bay Point, nor any of our representatives, serves as an attorney, accountant, or insurance agent to any client, and no portion of our services should be construed as legal, accounting, or insurance implementation services. Accordingly, Bay Point does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation

from Bay Point. **Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives so that we can review, and if applicable, revise our previous recommendations.

**Retirement Plan Rollovers – No Obligation/Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Bay Point recommends that a client roll over their retirement plan assets into an account to be managed by Bay Point, such a recommendation creates a conflict of interest if Bay Point will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Bay Point recommends that clients roll over assets from their retirement plan to an IRA managed by Bay Point, then Bay Point represents that it and its investment adviser representatives are fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA"), or the Internal Revenue Code, or both. No client is under any obligation to roll over retirement plan assets to an account managed by Bay Point. **Bay Point's Chief Compliance Officer, Kimberly Anderson, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under ERISA; (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an IRA acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Bay Point represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Bay Point or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Use of Mutual Funds and ETFs:** While Bay Point may recommend allocating investment assets to mutual funds that are not available directly to the public, Bay Point may also recommend that clients allocate investment assets to publically available mutual funds and ETFs that the client could obtain without engaging Bay Point as an investment adviser. However, if a client or prospective

client determines to allocate investment assets to publically-available mutual funds or ETFs without engaging Bay Point as an investment adviser, the client or prospective client would not receive the benefit of Bay Point's initial and ongoing investment advisory services.

**Client Obligations.** In performing its services, Bay Point shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

**ByAllAccounts and eMoney Advisor Platform.** Bay Point, in conjunction with the services provided through "ByAllAccounts" and the "eMoney Advisor Platform" may also provide periodic comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by Bay Point (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not Bay Point, shall be exclusively responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed in writing, Bay Point's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Bay Point's is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Bay Point does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Bay Point is asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Bay Point shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Bay Point provide investment advisory services for the Excluded Assets, the client may engage Bay Point to do so pursuant to the terms and conditions of an agreement between Bay Point and the client. The eMoney Advisor Platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Bay Point. Bay Point shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney Advisor Platform without Bay Point's assistance or oversight.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Bay Point) will be profitable or equal any specific performance level(s).

## **Item 5 Fees and Compensation**

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### **Description**

Bay Point Wealth Management is strictly a fee-only financial planning and investment management firm. The firm does not receive commissions for purchasing or selling annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

Bay Point Wealth Management bases its fees on a percentage of assets under management, hourly charges, and fixed fees (and does not charge any subscription fees).

The annual Advisory Service Agreement fee is based on a percentage of the assets under management according to the following schedule. This annual fee shall be paid quarterly, in arrears, which is based upon the market value of the assets under management on the last business day of the previous quarter.

- 1.00% on the first \$2,000,000;
- .75% on the next \$2,000,000 (from \$2,000,001 to 4,000,000); and
- .40% on the assets above \$4,000,000.

The Advisory Service Agreement fee is generally negotiable. Financial plans are priced according to the degree of complexity associated with the client's situation.

The market value of the assets on which the fee is based will generally not be reduced by the amount of any margin debit balances held by a client, even if some or all of the assets in the client's account are used to collateralize or secure the loan represented by the margin balances. Bay Point has a financial incentive for a client to incur margin debt to finance purchases rather than selling securities and withdrawing the cash because the net market value of the client's account will be maintained (and will not be offset by the amount of the margin debit held by the client) resulting in a higher fee. Bay Point does not recommend that clients incur margin debit balances for investment purposes.

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### **Fee Billing**

Investment management fees are billed quarterly in arrears, meaning that we invoice you after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a

designated client account(s) to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Fees for financial plans are billed 50% in advance, with the balance due upon completion of the financial plan. Services shall be rendered within six months, except as a result of client delay.

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### **Retainer Agreement**

In limited circumstances, we may provide services on a fixed annual Retainer Fee basis rather than on the above percentage of assets under management basis fee schedule. A Retainer Fee is generally agreed upon when it is more appropriate to work on a fixed-fee basis. The annual fee for a Retainer Agreement varies by client and is based on the scope and complexity of the engagement (i.e. anticipated consulting services, investable assets, etc.), and is negotiable.

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### **Hourly Planning Engagements**

Bay Point Wealth Management occasionally provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$350.00.

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### **Other Fees**

Custodians may charge transaction fees on purchases or sales of securities, including certain mutual funds and exchange-traded funds.

Bay Point Wealth Management, in its sole discretion, may waive its minimum fee and/or charge a higher or lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

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### **Expense Ratios**

Shareholders of mutual funds and ETFs are indirectly responsible for the payment of the fees and expenses of these investments, which include investment management fees that are disclosed in each fund's prospectus.

The sum of these expenses and fees are commonly referred to as an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund bears fees and expenses of 0.5%. These fees are in addition to the fees paid by you to Bay Point Wealth Management.

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### **Due Accounts and Termination of Agreement**

Bay Point Wealth Management reserves the right to stop work on any account that is more than 60 days overdue. In addition, Bay Point Wealth Management reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in Bay Point Wealth

Management's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 30 days.

The client or the investment manager may terminate an Advisory Service Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed.

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**Brokerage**

Please refer to Item 12 with respect to Bay Point Wealth Management's brokerage practices.

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**Item 6 Performance-Based Fees and Side-by-Side Management**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Bay Point Wealth Management does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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**Item 7 Types of Clients**

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**Description**

Bay Point Wealth Management generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

Bay Point does not generally impose a fee or asset minimum. We, may, in our sole discretion, determine to charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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**Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

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**Methods of Analysis**

Bay Point Wealth Management may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The main sources of information for this analysis include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company/fund press releases.

Other sources of information that Bay Point may use include Morningstar mutual fund information, TD Ameritrade’s available research, respective mutual fund websites and the internet.

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### **Investment Strategies**

- Our primary investment strategy is to strategically allocate portfolios utilizing the following:
  - Traditional Equity Mutual Funds (with a “value” bias)--This strategy is subject to stock market risk, meaning the securities owned decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions.
  - Long/Short and Market Neutral Funds, which tend to lower portfolio volatility. In addition to the risks described above under traditional equity mutual funds, this strategy could incur a loss as a result of a “short sale” (where the security is borrowed and then sold in anticipation of buying the security back and lower price) if the price of the security sold short increases in value between the date of the short sale and the date on which the fund purchases the security to replace the borrowed security. In addition, a security “lender” may request, or market conditions may dictate, that securities sold short be returned to the lender on short notice, and the fund may have to buy the securities sold short at an unfavorable price. If this occurs, any anticipated gain to the fund may be reduced or eliminated or the short sale may result in a loss. The losses are potentially unlimited in a short sale transaction. Short sales are speculative transactions and involve special risks, including greater reliance on the fund manager’s ability to accurately anticipate the future value of a security.
  - Global Fixed Income Investments --Specific risks within this category include: changes in interest rates will affect the value of the fund’s portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund’s share price may decline. There are also risks associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets

involve greater risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity.

- Long-Term Purchases --This strategy is subject to stock market risk, meaning the securities owned decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions.
- Short-Term Purchases-- This strategy is subject to stock market risk, meaning the securities owned decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions.
- Trading--This strategy is subject to stock market risk, meaning the securities owned decline in value for extended periods due to the financial prospects of individual companies or due to general market and economic conditions.
- Margin transactions and option writing. Bay Point Financial Services does not employ any of these strategies directly. However, some of the mutual funds and ETFs that we purchase do employ these strategies. The use of options is mostly used to help reduce risk within the fund purchased. Purchasing securities on margin is also sometimes employed by a fund to enhance fund performance - but this is used on an exceptionally low basis within the overall allocation of client portfolios. The key risks associated with the strategy include: a decline in the value of securities that are purchased on margin may require the investor to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account. It is possible to lose more than your initial investment when you purchase a security on margin; or the mutual fund manager's ability to close out its option position as a purchaser or seller of an over-the-counter or exchange-listed put or call option is dependent, in part, upon the liquidity of the option market. There can be significant differences between the securities and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. The fund manager's ability to utilize options successfully will depend on the ability to predict pertinent market and /or security movements, which cannot be assured.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). Based on these strategies, Bay Point currently allocates investment assets generally among mutual funds, exchange traded funds, individual equities and individual bonds.

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## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9 Disciplinary Information**

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### **Legal and Disciplinary**

Bay Point Wealth Management and its employees have not been the subject of any disciplinary actions.

## **Item 10 Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities**

Bay Point Wealth Management is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

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### **Affiliations**

Bay Point Wealth Management does not have any arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **Code of Ethics**

The employees of Bay Point Wealth Management have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

Bay Point Wealth Management and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Bay Point Wealth Management Compliance Manual.

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### **Personal Trading**

The Chief Compliance Officer of Bay Point Wealth Management is Kimberly Anderson. She reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## **Item 12 Brokerage Practices**

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### **Selecting Brokerage Firms**

Bay Point participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade “), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

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### **Best Execution and Brokerage Practices**

In the event that the client requests that Bay Point recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct [see below] Bay Point to use a specific broker-dealer/custodian), Bay Point generally recommends that investment management accounts be maintained at TD Ameritrade. Prior to engaging Bay Point to provide investment management services, the client will be required to enter into a formal agreement with Bay Point setting forth the terms and conditions under which Bay Point shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that we consider in recommending TD Ameritrade (or any other broker-dealer/custodian to clients) include historical relationship with Bay Point, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients shall comply with our duty to seek to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Bay Point will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, our investment management fee. Bay Point's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **Non-Soft Dollar Research and Additional Benefits**

As disclosed above, Bay Point participates in TD Ameritrade's institutional customer program and Bay Point may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Bay Point's

participation in the program and the investment advice it gives to its clients, although Bay Point receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Bay Point participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Bay Point by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Bay Point's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Bay Point but may not benefit its client accounts. These products or services may assist Bay Point in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Bay Point manage and further develop its business enterprise. The benefits received by Bay Point or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Bay Point endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Bay Point or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

**Bay Point's Chief Compliance Officer, Kimberly Anderson, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.**

**Directed Brokerage:** Bay Point does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In client directed brokerage arrangements, the client will negotiate terms and arrangements for his/her account with his/her designated broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Higher transaction costs adversely impact account performance.

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### **Soft Dollars and Additional Services**

Bay Point Wealth Management does not participate in any soft dollar agreement. A soft dollar agreement between an advisor and a broker such as TD Ameritrade would permit the advisor to obtain certain services, such as research, with funds allocated to the advisor based on the purchases and sales of securities in client accounts.

Bay Point Wealth Management does, however, receive from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include:

- Tamarac – Provides advisors and wealth managers with an integrated, web-based portfolio rebalancing, performance reporting and customer relationship management software.

TD Ameritrade provides the Additional Services to Bay Point Wealth Management in its sole discretion and at its own expense, and Bay Point Wealth Management does not pay any fees to TD Ameritrade for the Additional Services. Bay Point Wealth Management and TD Ameritrade have entered into a separate agreement (“Additional Services Addendum”) to govern the terms of the provision of the Additional Services.

Bay Point Wealth Management’s receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Bay Point Wealth Management, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Bay Point Wealth Management’s client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services with Bay Point Wealth Management, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Bay Point Wealth Management has an incentive to recommend to its Clients that the assets under management by Bay Point Wealth Management be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Bay Point Wealth Management’ receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

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### **Order Aggregation**

Transactions for each client account will generally be effected independently, unless Bay Point decides to purchase or sell the same securities for several clients at approximately the same time. Bay Point may (but is not obligated to) combine or “bunch” orders in an effort to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among its client differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to

the purchase and sale orders placed for each client account on any given day. Bay Point does not receive any additional compensation because of such aggregation

### **Item 13 Review of Accounts**

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#### **Periodic Reviews**

Account reviews are on an ongoing basis by William James Hufnell or William Joseph Hufnell, but no less than quarterly.

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#### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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#### **Regular Reports**

Clients receive periodic communications on at least an annual basis. Advisory Service Agreement clients and Retainer Agreement clients usually receive updates more regularly. The updates generally include a net worth statement, portfolio statement, estate review, tax review, and a summary of objectives and progress towards meeting those objectives.

### **Item 14 Client Referrals and Other Compensation**

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#### **Incoming Referrals**

Bay Point does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

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#### **Referrals Out**

Bay Point Wealth Management does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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#### **Other Compensation**

As referenced in Item 12 above, Bay Point receives economic benefits from TD Ameritrade including support services and/or products without cost (and/or at a discount). Bay Point's clients do not pay more for investment transactions effected and/or assets maintained at TD Ameritrade because of this arrangement. There is no corresponding commitment made by Bay Point to TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement. Bay Point Wealth Management does not receive any other form of compensation from any other source.

## **Item 15 Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to carefully review those account statements.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Bay Point Wealth Management. The account custodian does not verify the accuracy of Bay Point's advisory fee calculation.

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### **Net Worth Statements**

Clients may be provided net worth statements and net worth graphs that are generated from our wealth management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

## **Item 16 Investment Discretion**

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### **Discretionary Authority for Trading**

Bay Point Wealth Management accepts discretionary authority to manage securities accounts on behalf of clients. Bay Point Wealth Management has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Bay Point Wealth Management consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Bay Point Wealth Management does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Clients who engage Bay Point on a discretionary basis may, at anytime, impose restrictions, in writing, on Bay Point's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, etc.).

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

**Item 17 Voting Client Securities**

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**Proxy Votes**

Bay Point Wealth Management does not vote proxies on securities. Clients are expected to vote their own proxies.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Bay Point Wealth Management to discuss any questions they may have with a particular solicitation.

When assistance on voting proxies is requested, Bay Point Wealth Management will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

Each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof.

**Item 18 Financial Information**

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**Financial Condition**

Bay Point Wealth Management does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Bay Point Wealth Management does not serve as a custodian for client funds or securities, and does not require prepayment of fees six months or more in advance.

**ANY QUESTIONS: Bay Point's Chief Compliance Officer, Kimberly Anderson, remains available to address any questions regarding this Part 2A Firm Brochure.**